



PEER REVIEW
IN SOCIAL PROTECTION
AND SOCIAL INCLUSION
2008

SOCIAL IMPACT ASSESSMENT

SLOVAK REPUBLIC, 2008

SYNTHESIS REPORT



On behalf of the
European Commission
DG Employment, Social Affairs
and Equal Opportunities



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This publication is supported for under the European Community Programme for Employment and Social Solidarity (2007–2013). This programme is managed by the Directorate-Generale for Employment, Social Affairs and Equal Opportunities of the European Commission. It was established to financially support the implementation of the objectives of the European Union in the employment and social affairs area, as set out in the Social Agenda, and thereby contribute to the achievement of the Lisbon Strategy goals in these fields.

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Further information on the Peer Reviews and the Policy Assessment as well as all relevant documents are available at: <http://www.peer-review-social-inclusion.eu>.

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2009

PRINTED IN BELGIUM

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Executive summary

The need for increased policy coherence between the three main pillars of the EU's Lisbon Strategy — economic, social and environmental — is recognised at both European and national level. Furthermore, there is broad agreement that the renewed focus on growth and jobs, since 2005, should not mean that social objectives get relegated to second place.

Reliable methodologies for impact assessment, not only after a new policy is implemented, but also before it gets underway (*ex-ante*), can help to ensure that new measures in one area do not produce unintended, counter-productive side-effects in another. At a time of budgetary constraints, social impact assessment (SIA) can thus help to avoid the cost of dealing with unforeseen social problems that could subsequently arise.

Social impact assessment has increasingly come to the fore in the framework of the Open Method of Coordination on Social Protection and Social Inclusion (OMC-SPSI), in that it implies a more rigorous approach to decision-making.

A brief definition of social impact assessment is “*a legal commitment for systematic ex-ante assessment of the likely social impacts of policy measures in any area, with the participation of all relevant stakeholders*”.

The benefits of such an approach include:

- the mainstreaming of social (protection and inclusion) issues into other policy areas and awareness-raising among policy-makers;
- greater transparency, through the involvement of all stakeholders, and;
- higher-quality policies.

Member States are more and more interested in the benefits that social impact assessment can offer. The **Slovak Republic** is currently developing a unified assessment methodology, making it mandatory for each Ministry to identify and quantify the financial impact on households (both income and

expenditure) and the impact on social inclusion and social equality (vulnerable groups, access to goods and services, equal opportunities, employment, regional differences etc.) of their proposed policies. Each Ministry is allowed to use the method of assessment viewed as most suitable. A pilot project is underway and will be evaluated in March 2009.

Ireland is the only EU Member State with any long-term experience of implementing social impact assessment. So-called ‘poverty-proofing’ was first introduced in 1998, aimed at developing better policies for society’s most vulnerable groups and for those experiencing or at risk of poverty. Following a review in 2006, the guidelines were revised in March 2008 and the process renamed ‘Poverty Impact Assessment’, to emphasise its status as an integral part of policy development.

The **European Commission** has its own integrated impact assessment system. Lately some initiatives have been taken to strengthen the assessment of social impacts in particular. Several studies have been launched and DG Employment has produced a ‘Toolkit to Assess Social Impacts’, which sets out minimum standards to help Commission services with the evaluation of the social and employment impacts of initiatives across different policy areas¹. The Commission’s DG Employment has also commissioned a new research study on ‘*Social impact assessment as a tool for mainstreaming social protection and social inclusion concerns in public policy in the EU Member States*’, to be completed by early 2010, as well as a study on the ‘*Review of Methodologies applied for the assessment of social and employment impacts*’.

On the basis of Peer countries’ and stakeholder networks’ experiences, it was concluded that social impact assessment is currently not so well developed and that there is a lot of room for improvement. Although legal frameworks are in place in many countries, often too little is being done in practice. Methodologies should be more demanding, although proportionality should apply: it is better to carry out a limited evaluation than nothing at all. Even a ‘light’ assessment is worthwhile, so long as it is not merely confined to a box-ticking exercise, but promotes a critical reflection on the objectives,

¹ See: http://ec.europa.eu/governance/impact/docs/key_docs/080425_toolkit_for_assessment_of_social_impacts_revised.pdf



risks and potential impacts of the policy in question, and the consultation of stakeholders.

The meeting discussed eight key issues relating to social impact assessment:

- 1) Political capital: creating a legal framework does not guarantee effective evaluation and political will is needed to make impact assessment more than a 'paper' exercise. Parliament has a crucial role to play. It can insist that legislative proposals only be submitted if they are accompanied by a social impact assessment.
- 2) A shared vision of social inclusion: outcomes will depend on the reference framework selected. How can the different actors involved reach a consensus — or how should impact assessment reports reflect the divergent views of different stakeholders?
- 3) The division of roles and responsibilities between government administrations, independent research bodies and the voluntary sector.
- 4) The scope of implementation of impact assessment in a context of scarce resources and limited capacity. A good compromise appears to be an arrangement whereby all policy proposals undergo a 'quick test', followed by a more extensive assessment in selected cases.
- 5) Capacity building: a number of conditions must be fulfilled to ensure effective impact assessment, including the existence of appropriate assessment methods, transparency of procedures and availability of necessary resources (also for capacity building).
- 6) Stakeholder participation: it is not always clear to policymakers whom they should consult. There are many NGOs active on the same issue and their representativity is not always clear. NGO umbrella organisations can provide part of the solution, but broad and direct consultation of the people actually experiencing poverty

was considered to be necessary. Time constraints can also be an important obstacle to quality participation.

- 7) The great variety of impact assessment procedures: To avoid an 'inflation' of fragmented procedures, social impact assessment should ideally be part of a more comprehensive assessment procedure, including economic and environmental objectives (i.e. integrated impact assessment, sometimes labelled 'sustainability impact assessment').
- 8) Role of the European Commission: The meeting identified several ways in which the European Commission can and should support Member States in carrying out social impact assessment — namely, by providing methodological support, by disseminating examples of good practice (including the EC's own assessment reports), by supporting research and by fostering stakeholder involvement.



1. Context

The EU's Growth and Jobs Strategy and Social (Inclusion) Policy

Following the review of the Lisbon Strategy in 2005, the need to ensure coherence between economic and employment policies, on the one hand, and social inclusion policies, on the other, was conceptualised in terms of 'feeding in' and 'feeding out'.

'Feeding in' means that social policies ideally need to contribute positively to growth and employment — or, at the very least, that they should not undermine the Lisbon goals. Especially in the current economic climate, the Commission is needs to demonstrate the usefulness of social spending, and this can be done by highlighting the positive impacts of well-designed social policies on growth and jobs. For example, healthier workplaces enable people to stay in work longer.

The concept of 'feeding out' emphasises the need for the Growth and Jobs Strategy to contribute to greater social cohesion and to the social protection and inclusion of all citizens. However, despite healthy growth and job creation in recent years, the 'feeding out' impact on areas such as in-work poverty, jobless households, regional divergences and poverty risk has been limited. The benefits related to higher growth have not yet reached the most vulnerable or increased overall social cohesion.

The Commission would like to see more examples of Member States applying integrated policy measures and taking account of these two-way effects. For example, while removing labour market barriers may contribute to increased economic performance and improved social integration, governments must also take into account related obstacles, such as lack of childcare and access to housing. Indeed, attempting to activate people by making it more difficult to live on benefits may not create a more inclusive labour market but instead push more people to the margins.

Over the past two years, the EC network of independent experts on social inclusion has led a systematic reflection to better anticipate the feeding-

in and feeding-out effects of various policy documents. Social impact assessment (SIA) has come to the fore as a comprehensive and powerful tool in this evaluation exercise (see section 3). It is used to examine the social impact of policy measures in advance of the decision to implement them (so-called 'ex-ante' evaluation).

Social impact assessment arrangements are in place in a number of **Member States**, in different forms (see sections 5 and 6). A pioneering example in the field of social inclusion is Ireland, where 'poverty proofing' measures were already introduced in 1998 and revised in 2008 to become 'poverty impact assessment' (PIA). In other countries, social evaluation procedures are incorporated into integrated impact assessment systems, sometimes called 'sustainability impact assessment'.

On the **global scene**, the International Labour Organisation (ILO), in collaboration with EC's DG Trade, is promoting the use of sustainability impact assessment in all negotiations covering trade and foreign direct investment. Following the adoption of the Poverty Reduction Strategy in 2001, the World Bank and the International Monetary Fund (IMF) have made their operations in poor countries conditional upon the production of 'poverty reduction strategy papers' and routinely evaluate their interventions by means of 'poverty and social impact analysis' (Coudouel et al., 2006).

Within the **European Commission**, various forms of impact analysis have become a 'routine' procedure in the course of the preparation of policy initiatives (EC, 2005). The Commission put in place an integrated impact assessment system in 2002, which examines 'social' impacts among others. DG Trade also applies sustainability impact assessment (which covers social, as well as economic and environmental, impacts) during trade negotiations with partner countries.

Also, as mentioned, social impact assessment has come to the fore over the past few years in the context of the EU **Open Method of Coordination (OMC) for Social Protection and Social Inclusion**. The 2008 Joint Report on Social Protection and Social Inclusion includes a recommendation from the Social Protection Committee to reinforce the analytical framework, including the social impact element of integrated impact assessments. Needless to

say, this is potentially a major step forward in achieving greater coherence and consistency between social and other policies, both at Member State and EU levels. As indicated in its recent Communication on Reinforcing the Social OMC², the Commission intends to encourage mutual learning between Member States on the subject. It will strengthen the shared impact assessment capacity. To this end it is investing in a number of activities, specifically:

- this Peer Review meeting;
- a new study, just commissioned, on *Social impact assessment as a tool for mainstreaming social protection and social inclusion concerns in public policy in the EU Member States*. The research will be carried out by The Evaluation Partnership (TEP), based in the UK, together with the Centre for European Policy Studies (CEPS);
- a study on the “Review of Methodologies applied for the assessment of social and employment impacts”.

Slovakia's efforts to generalise social impact analysis

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The idea for this Peer Review came from the Slovak Ministry of Labour, Social Affairs and Family (MLSAF) following the Slovak government's proposal to enhance the efficiency of policy-making by introducing a new uniform framework for the systematic assessment of selected social impacts within draft policies.

The Slovak Republic does not have extensive experience of social impact assessment, although a framework for assessment has existed for some years, under which all new legislation must be accompanied by detailed information on impacts in five areas:

- public finances and the public budget;
- the population, economy of the business sector and other legal entities;

2 See <http://ec.europa.eu/social/main.jsp?catId=550&langId=en>



- the environment;
- employment;
- the business environment.

The impact on the population should cover living standards and improvement in the quality of life. In practice though, the impact on public finances and the budget always receives the most scrutiny and the Slovak government decided that a more balanced approach was required.

The new initiative was first announced by Decree in 2005 and, in 2007, a task force of ministerial representatives was set up, chaired by the MLSAF and also involving the Ministries of the Economy, Finance and the Environment. This task force produced a methodology with a common strategy and specific procedures, entitled '*The uniform methodology for the assessment of selected impacts*'. This methodology is currently being tested under a pilot project and full implementation is due as of July 2009.

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In preparing the new methodology for social impact assessment, the task force drew on a number of sources, including a study of regulatory management capacities in the Slovak Republic; the European Commission's Impact Assessment Guidelines (2005); the Presidency conclusions of the European Council (March 2007); the National Reform Programme and National Report on Strategies of Social protection and Social Inclusion (2006–2008); and advice from experts at the University of Manchester in the UK.

The objectives of the proposed new strategy are:

- to improve the decision-making process;
- to identify potential socio-economic impacts of policies prior to implementation;
- to restrict the adoption of policies that could lower living standards or increase the risk of poverty or social exclusion;

- to contribute to the EU and Slovak goals of reducing poverty and social exclusion, and of boosting cohesion and equal opportunities.

The methodology defines new areas for which impact assessment is required, with a closer analysis of the effect on the population. It also identifies the main actors and their roles, including policy proposers, responsible ministries and the people most likely to be influenced by the measure. The MLSAF is to act as the evaluation body and advise stakeholders with regard to the submission of documents.

A **two-phase procedure** is introduced, allowing for improved consultation with groups of experts and stakeholders. Indeed, under the existing 'comment' procedure, reactions are often received too late to influence outcomes and the new strategy therefore seeks to launch consultation as early as possible, when policy plans are still under preparation and amendments can still be made.

According to the new procedure, all draft policy documents are to undergo:

- A **'Quick test'** to identify whether a social impact is likely. If this is the case, the measure will be subject to more detailed assessment. An annex to the methodology provides short guidelines on how to apply the Quick test and other useful information: a Quick test form must be filled out by the relevant ministries, in consultation with stakeholders if appropriate, and submitted alongside policy documents to indicate the existence of any selected social impacts. If such impacts exist, the proposer must justify them. The greater the changes likely to arise from the measure, the stronger the need for a detailed impact analysis. There is no time limit for carrying out the Quick test, but it is advised to complete it at the earliest opportunity. The result of the Quick test is then submitted to the methodology administrators at least 30 days before the start of the comment procedure.
- The **social impact assessment** as such, including a detailed analysis in cases where significant impacts have been identified. The overall duration of the social impact assessment will depend on the

importance of the measure and the amount of material submitted. The proposer of the policy will have to specify:

- the main goals and activities of the measure in question;
- the groups that will be influenced;
- the areas that will be affected;
- impacts in four areas identified as key:
 - **Household economies** (budgets, income and expenses): Will the measure be positive/negative? Will it affect the whole population or specific sectors? Will impacts be different within different layers of society? How will it affect vulnerable groups such as low-income families and those with three or more children, single mothers, or elderly people living alone? Who are the winners and losers?
 - **Access to rights, goods and services** (especially for vulnerable groups): What will the impact on social exclusion be? Will all groups have equal access to resources, rights, goods and services?
 - **Equal opportunities and gender equality**: Will impacts on discrimination be positive, neutral or negative?
 - **Employment**: Does the measure affect broad areas of the economy or specific individuals? What are the impacts on employment? Which groups of employees may be endangered? Is there a danger of mass dismissals?
- the financial balance: costs and contributions;
- the tools that might be used to eliminate potential negative social impacts.



A broad range of data will thus be required to complete the social impact assessment questionnaire. These can be obtained from institutions such as the Statistical Office, ministries, research organisations and stakeholders.

The **participation of stakeholder representatives** will depend on the particular policy area concerned by the measure and on the results of the Quick test. The methodology recommends that consultation should take place as quickly as possible and that selected ministries and stakeholders should have at least 30 days to react before the policy proposal is made available via the internet for wider debate. The Slovak Republic has a large number of NGOs — 6,000 are registered with the Interior Ministry — but it is difficult to find common policy views between them and the government. The aim is thus to reinforce dialogue, not only with social partners but also with the non-governmental sector, and to anchor this into the legislative process. No decision has yet been taken regarding further dissemination of results but the social impact assessment should be included with the policy documentation that goes to the government, and all materials will be placed on the government website.

2. What is social impact assessment?

A wide range of impact assessment methods has been developed with a view to better informing policymakers. These are applied in a variety of contexts, ranging from trade negotiations to the publication of calls for tender. Examples include regulatory impact assessments (RIA) aimed at examining the impact of regulations on the competitiveness of markets; economic impact assessments, relating to budgetary and economic effects, including the impact on SMEs or on rural areas; social impact assessments, which can be confined to the impact on poverty, human rights, race or gender relations, children, people with disabilities, etc; or environmental impact assessments. In some cases, such as in the UK or at EC level, integrated impact assessment frameworks have been developed. Sometimes these are presented as sustainability impact assessments (e.g. in Belgium). In the past, assessment exercises were conducted only rather occasionally, but modern legislation tends to impose systematic assessments of all initiatives within a given policy area.

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This brings us to a more precise definition of modern social impact assessment procedures:

Social impact assessment is the systematic ex-ante assessment of the likely social impacts of policy measures — possibly defined more narrowly as the impact on specific target groups or areas. In some cases, social impact assessment is based on a legal commitment. The aim is to inform policymakers and the public opinion about the consequences, tradeoffs, synergies, side-effects of alternative policy options, so as to feed into the policy debate.

The specific definition given above includes four crucial elements:

- SIA is a legal requirement, not something to be undertaken occasionally, on an optional basis;
- it is *ex-ante* (before implementation). Ongoing and *ex-post* assessments are equally important but different;



- the definition covers all policy areas, aimed at increasing coherence between social policies and other sectors;
- the participation of stakeholders is guaranteed.

This definition can be further supplemented with some features of good-quality social impact assessment:

- an explicit problem definition;
- a comparison of different policy alternatives;
- evidence-based (quantitative and/or qualitative) assessment methods;
- transparency of procedures.

It goes without saying that high-quality social impact assessment is a demanding, time-consuming and expensive process, and that a balance needs to be struck between the investment required and the importance of the measures that are assessed. Moreover, the statistical data, analytical capacity and stakeholder participation required for good social impact assessment cannot be developed overnight.

3. Relevance of social impact assessment in the OMC-SPSI

Currently, a network of independent experts is responsible for monitoring the so-called 'feeding in' and 'feeding out' effects between the overall Lisbon Strategy and the Open Method of Coordination on Social Protection and Social Inclusion (OMC-SPSI). This procedure was introduced following the revision of the Lisbon Strategy but it remains limited in terms of depth. This is namely due to the time constraints imposed on experts for submitting their reports and to the methodology, which is not participatory. Social impact assessment should be transparent and involve all stakeholders so as to contribute to higher quality social policies that are more evidence-based, better studied and more democratic.

- *Awareness-raising:* By offering a coherent framework for decision-makers to check key potential effects of policy measures, social impact assessment enables — indeed forces — public authorities to inform themselves, each other and the public opinion about possible consequences of proposals.
- *Prevention and proactiveness:* The *ex-ante* nature of social impact assessment (as defined above) means that social impact assessment has a preventive and proactive effect: Preventive in that it can bring to light potential (positive or negative) side effects on social cohesion that formulators of policy initiatives in other areas may not have considered at first. The proactive effect occurs where social impact assessment is applied in the design of social policies, as this can contribute to a more systematic analysis and comparison of alternative approaches.
- *Coordination:* Because the effects of government initiatives, such as labour market measures, often occur in other areas (e.g. child care), social impact assessment will indirectly strengthen coordination between policies. In the field of social inclusion in particular, the explicit 'modelling' of inter-relationships between different variables



provides an opportunity to integrate the Laeken indicators³ into a coherent framework in which interdependencies between key dimensions of welfare are made explicit.

- *Transparency:* In addition to its vital contribution to evidence-based policy making, social impact assessment enhances the transparency of policy debates — especially when the consultation of key stakeholders is legally prescribed. Social impact assessment can therefore also be considered as a support mechanism for the negotiation capacity of vulnerable groups.
- *Balance:* Most importantly, mandatory social impact assessment procedures can serve to restore the balance between different strands of policy, providing a buffer against single-minded economic interests and helping to help to protect disadvantaged groups from potential adverse social impacts of economic policies. This is especially true in the case of EU policy-making, where the economic dimension is more developed than the social dimension. At the same time, the evidence accumulated in social impact assessment may sometimes help overcome common prejudices about the negative effects of policies.

³ The Laeken indicators are the set of common European statistical indicators on poverty and social exclusion, developed as part of the Lisbon Strategy, at the European Council of December 2001 in the Brussels suburb of Laeken, Belgium.



4. Methodological framework

Although statistical tools and analytical models are important, the key feature of a good social impact assessment framework is a 'roadmap' defining a logical sequence of steps to be taken between the definition of the problem and the final decision.

Let us illustrate this roadmap with a simple example: suppose that we want to assess the impact of additional energy taxes (in the context of environmental policy) on the poorest households in the country:

As a first step, the **problem** needs to be clearly **defined**. For example, if 'rising energy prices are affecting poor households', it is important to determine the range of products affected, the amount of the increases, the groups that need to be protected and their size (incidence of the problem) etc. Inevitably, all the different pieces of the jigsaw need to be defined as well: Who are 'the poor'? What is the share of energy consumption in their expenses and how is it distributed in general? What alternative energy sources need to be taken into account? In order to measure the impact of a policy intervention, a baseline scenario ('no specific intervention') must be designed, which includes any uncertainties (sensitivity analysis and risk assessment: e.g. probability and size of any further upward or downward price shocks). All this information will help justify whether action is legitimate and, if so, within what range of foreseeable events.

Secondly, **policy objectives must be made explicit**. General objectives ('preventing further impoverishment due to rising energy prices') should be broken down into specific and operational objectives (e.g. 'providing financial support covering 50% of their additional expenses' and/or 'assisting them to reduce their energy consumption by x% within one year'). The objectives should be SMART (specific, measurable, achievable, realistic and time-dependent) and clearly linked to policy options as well as to appropriate indicators to monitor the policies. Moreover, it is possible that new insights, acquired during the analysis or the consultation process, will necessitate a redefinition of the specific objectives.

Thirdly, a good social impact assessment typically considers several **policy alternatives** (e.g. compensation versus reduced consumption or shifts to alternative energy sources), selected from a wider range of options. This allows decision-makers to compare the relative effectiveness and efficiency of alternative measures against the baseline. Often, each of the policy alternatives actually represents a package of measures (regulation, financial transfers, sensitisation etc.).

The actual **impact measurement** occurs as a fourth step. First, potential impacts are identified and their significance is assessed in a qualitative way. It may also be necessary to distinguish between different effects on different groups (e.g. tenants versus owners; users of different sources of energy). Once a shortlist of impacts has been selected, one can proceed with the estimation of their direction and magnitude, using quantitative as well as qualitative methods. In practice, the depth and complexity of the analysis will depend on the available time, data, resources and capacity. Quantitative methods can range widely, from more 'simple' comparative static simulations of the redistributive effects of a measure to medium-term, dynamic models that take on board behavioural effects and the accumulation of debts and/or resources. They can also range from partial, sectoral models to general equilibrium analyses; or from cost-effectiveness to cost-benefit or multi-criteria analysis. In our example, a household budget survey could be used to identify the share of oil and other energy consumption in family budgets. Different financial compensation schemes (income-contingent or universal, proportional or lump-sum, etc.) could be simulated to estimate their impact on the government budget, as well as on the purchasing power of different types of households. However, it is also possible to simulate these same measures within a model of simultaneous equations reflecting consumer demand behaviour, or in a general equilibrium model. The latter may reveal that compensation measures tend to boost further price increases, whereas reduced energy consumption tends to contain them. The different approaches may also yield complementary information.

Finally, the different **options are compared** in terms of their effectiveness, efficiency and coherence. At this stage, it is important to include all significant impacts (positive, as well as negative) in a qualified, comprehensive

overview. Moreover, the coherence of each alternative within the wider policy framework needs to be evaluated. In our example, compensation will inevitably affect the government budget, possibly necessitating tax increases or economies on other expenditure that may induce other, indirect problems — either for the poor or for other groups of society. The alternative options should then be ranked in an objective and transparent way.

Once a decision has been made about the preferred policy mix, it is recommended to set up an appropriate set of indicators for the monitoring of the measures during their implementation.

It should be noted that this roadmap is to be followed in interaction with stakeholders, allowing for continuous participation and feedback. Whereas stakeholder involvement may at first be seen as a burden for the assessor, it will help foster the acceptance and ownership of the recommendations at the end of the process.



5. A pioneering example: Poverty Impact Assessment in Ireland

'Poverty impact proofing' was introduced in Ireland in 1998, following the adoption of the first National Anti-Poverty Strategy. As of 2002, the Office for Social Inclusion was entrusted with the implementation of poverty proofing, alongside the co-ordination of the NAP on social inclusion. According to the initial guidelines, the intention was to impose poverty proofing in preparing memoranda and (significant) policy proposals, enactments, annual budget proposals, the National Development Plan and other EU plans and programmes within Ireland. A set of guidelines were developed, including a definition of poverty and of other related concepts, as well as a specialised questionnaire and a list of vulnerable groups to be considered. A (static) micro-simulation model (SWITCH)⁴ was also developed by the Economic and Social Research Institute (ESRI) as a tool for simulating potential redistribution effects of tax-benefit reforms.

Successive reviews of the strategy in 2001 and 2005 revealed a high degree of compliance with the poverty proofing obligations, but little significant impact on actual policies. Some critics qualified the proofing as a 'box ticking exercise'⁵ and suggested that statements about the poverty impact of measures were not based on empirical evidence. It was further found that, although the Department of Finance systematically used the SWITCH model to assess the impact of tax and benefit reforms on different target groups, the poorest groups (homeless people and those that do not pay any taxes) were actually excluded or under-represented in the data. Moreover, given the confidentiality and complexity of budget plans, poverty proofing was carried out in the very last stages of policy preparation and stakeholders were not consulted. Despite these flaws, the Office for Social Inclusion concluded that the dual objectives of poverty proofing (ex-ante assessment of the poverty impact of policies and awareness-raising) remained valid and the Commission moreover considered the Irish experience as a valuable

4 Simulating Welfare and Income Tax Changes. The latest version of the model is based on the European Union Statistics on Income and Living Conditions (EU-SILC).

5 Office for Social Inclusion (2006), p. 21.

example for the mainstreaming of social impact assessment in other EU countries.⁶

Following the 2005 review, a series of measures were taken to improve and strengthen the process:

- the name of the exercise was changed from poverty proofing to poverty impact assessment;
- a screening mechanism — distinct from the full poverty impact assessment — was introduced as a first phase, so that full assessments are only carried out for those policies where it is considered most relevant;
- specific training sessions, aimed at better involving ministries in different policy areas and further raising awareness, were set up;
- a clear roadmap was introduced, including stakeholder consultation as the first step;
- the existing guidelines were clarified and extended, with clearer definitions and increased information on data sources, indicators and measurement methods.

According to Aongus Horgan from the Irish Office for Social Inclusion, the recent consultation on the Irish Homelessness Strategy 2008–2013 exemplifies the importance of poverty impact assessment, with the blueprint eliciting a huge response from stakeholders.

6 EU Joint Report on Social Inclusion, Brussels: EC, 2004.



6. Social impact assessment in other peer countries

Germany

Every new legislative proposal in Germany has to provide a clear definition of the objective to be achieved, the proposed political solution and potential alternatives and consequences. Although social impact assessment, as such, does not take place, each proposal must provide a clear picture of the financial impact at regional and local level (in view of Germany's decentralised administrative structure), as well as of the economic impact on consumers and the gender impact.

A guide to carrying out impact assessment has been published by the government, outlining the six steps that need to be completed. These include a requirement for the government to first gather opinions from the *Länder* authorities, important stakeholders and the different groups in parliament before it can adopt any measure. The outcome of this consultation must then be made public together with the proposal.

Although administrations regard impact assessment as costly and time-consuming, and are therefore not very enthusiastic; there is nonetheless a systematic approach in place, which should guarantee better decision-making.

Certain limitations also exist on the political level, due to: a) sometimes conflicting views on the same proposal from different ministries, and; b) the procedures for introducing new legislation, which allow little time for consulting stakeholders. This is especially true when the need arises for rapid decision-making, making it difficult for stakeholder organisations to participate.

Bulgaria

As social impact assessment is very expensive, Bulgaria tends to focus mainly on financial impacts. Lack of funding, administrative capacity and assessment culture are all obstacles to carrying out more time-consuming evaluations.

Bulgaria has two impact assessment procedures, according to whether the proposal in question has an impact on state finances or not. Impact assessment is not obligatory for proposals without any impact on the state budget, whereas proposals with budget consequences are subject to financial evaluation covering goals, target groups, risks and outcomes.

Consultation with stakeholders is considered important, but it represents a challenge. Consultation procedures particularly need to be improved with NGOs, since tripartite consultation with the social partners is already well established.

In 2007, the government amended the Law on Legislative Acts, requesting that each piece of proposed legislation include an identification of expected results before its adoption. Bulgaria is particularly interested in: a) how to enforce the obligation to conduct social impact assessment and how to establish sound procedures; b) how to bridge the gap between scientific knowledge and the decision-making process, and; c) how to encourage stakeholders to participate in social impact assessment.

Austria

In Austria, laws relating to the socio-economic sphere, such as pensions reform or unemployment, are already subject to social impact assessment. However, in other sectors, evaluation is still missing, and social impact assessment could make a difference.

Austria has a formal procedure for *ex-ante* evaluation in the financial, economic, social, consumer and environmental spheres. Each proposed law has to be accompanied by a standardised sheet of findings. However, this evaluation tends to be superficial and does not carry much weight.



Legislative proposals are nevertheless discussed thoroughly within civil society. Namely, there is a long tradition of consultation with the social partners, who give their opinions on most proposals before they actually become formal initiatives. This process is now widening to NGOs and civil society groups. However, because an increasing amount of legislation is passed urgently, the period for consultation has become shorter and shorter, reducing scope for discussion.

Romania

A brief social impact analysis is required for public policy proposals. This process covers the business environment and the legislative framework, as well as other relevant considerations. It ensures consultation with NGOs and civil society. However it requires large financial and human resources, and these are currently inadequate.

The analysis itself consists of a number of stages and is implemented by the body that launched the proposal, in consultation with social partners and other interest groups. Debates are organised with trade unions, for example, and with the Social Dialogue Commission. Consultation may be outsourced, so long as they are carried out under the supervision of the ministry concerned.

Belgium

Screening processes at federal level include two types of *ex-ante* policy assessment:

1. The Kafka test, aimed at implementing better regulation by avoiding additional administrative burdens for business and citizens.
2. A Sustainability Impact Assessment (SIA), which sets out to measure the impact of new legislation on future generations in Belgium and around the world. It looks at social, economic and environmental effects, and applies to all government decisions, bar a few exceptions. The impact assessment consists of four



stages: screening, scoping, assessment and identification of accompanying measures to diminish unwanted effects. The quick scan uses 33 indicators: 10 social, 10 economic, 10 ecological, and three to measure the impact on government and expenditure.

The objective is to increase awareness of possible problems and to contribute to a more balanced decision-making process. Remaining challenges relate to giving more visibility to the issue of poverty through the social impact assessment process, and to whether adequate emphasis is placed on social impacts.

Norway

In principle, all measures and proposals are subject to an analysis of financial, administrative and other significant consequences, of which the conclusions should be taken into consideration in decision-making. In practice, however, only the financial and administrative impacts are systematically evaluated, while social consequences are regarded as less important. Public and private institutions usually have three months to submit their views on proposals, with a minimum of six weeks.

Efforts are underway to make social impact assessment more systematic, for example with the publication, in 2007, of a Ministry *'Guideline for consequences for the equality of persons with an immigrant background, the Sami people and national minorities'*. However, this document was not widely publicised and, in practice, not many administrations in Norway have yet started to carry out social impact assessment.

Norway's first Action Plan against Poverty was established in 2002 and updated in 2008. Stakeholders were involved in its drafting and received compensation for their work. However, while Norway has a traditional social welfare system, with good collaboration between social partners and government, civil society organisations are not very strong.



7. European NGO views on social impact assessment

AGE — the European Older People's Platform

AGE's mission is to defend the interests of people over 50 — a group that makes up over one-third of the EU population — and to ensure that governments take them and the complex realities they face in their daily lives into consideration. AGE believes that listening to the voice of older people will help policymakers to deliver better results.

Ex-ante consultation with civil society should thus take place at the earliest possible opportunity and allow sufficient time for NGOs to consult their grass roots. In turn, the OMC in the field of social protection and social inclusion should be a framework for promoting best practice in national impact assessment mechanisms.

Yet AGE has some concerns about the proposed methodology principles. It stresses that social impact assessment should be a tool for achieving a balanced trade-off between macroeconomic objectives and greater social cohesion, as well as for recognising the regional and local dimensions of policy decisions.

It notes that several issues should be considered from the perspective of older people:

- access to quality services;
- a broader definition of active ageing with regard to employment and professional activation;
- a holistic definition of social inclusion;
- the gender dimension;
- the informal caring role fulfilled by many older people.

The direct involvement of people concerned in the policymaking process is crucial to understanding their needs and, thereby, to promoting social inclusion. For this reason, AGE asks that specific support be provided to NGOs to help them represent the interests of their members.

AGE puts forward two recommendations:

1. Member States and the Commission should set up a reflection group within the Social Protection Committee (SPC) to develop a cross-border methodology for social impact assessment as part of the OMC framework. The group should be open to other stakeholders, including the social partners and relevant NGOs such as AGE, the European Anti-Poverty Network (EAPN), the European Federation of National Organisations Working with the Homeless (FEANTSA), the European Youth Forum, etc.
2. This methodology should enable an assessment of impacts on specific vulnerable groups (migrants, children, older people, etc.) and on particular target sub-groups within vulnerable populations (older women, single parents, ethnic minorities, unemployed, etc.). Moreover, it should also help study effects in specific areas (pensions, health, employment, poverty, etc.).

European Anti-Poverty Network (EAPN)

The EAPN believes effective social impact assessment is vital to supporting a more social and sustainable society. Procedures should be participative, involving a range of stakeholders. However, SIA will remain a technical exercise unless it contributes to the mainstreaming of social objectives. At the same time, mainstreaming will not be effective without social impact assessment, but the two concepts should not be confused.

The EAPN's main concerns can be summarised as follows:

1. Social impact assessment objectives need to be clarified and based on an explicitly stated vision of a sustainable society incorporating fundamental rights.



2. The specific objectives of the OMC SPSI must be at the heart of any impact assessment, focusing on eradicating poverty and social exclusion.
3. There should be a focus on the impact on fundamental rights. The EAPN would expect social impact assessment to make reference to an overarching, multinational human rights framework encompassing the EU Charter of Fundamental Rights and international human rights instruments, the specific aims of EU social inclusion strategy, and the Lisbon Treaty clauses on social objectives, equality, gender, environment and services of general interest. Evaluation should cover short, medium and long-term impacts.
4. Effective social impact assessment must assess not only the impact on poverty, but also on who gains: i.e. the effects in terms of wealth and inequality.
5. Gender must be taken into account, with a specific check-list of impacts on gender and equality.
6. Impact assessment should give priority to the quality of services for all, given that liberalisation and deregulation have had a negative impact on public access to good quality services. The emphasis in future must be on improving affordable access to better services of general interest.
7. Effective consultation and participation of all stakeholders must be at the heart of the process.
8. New databases and research are needed, giving equal weight to qualitative data, based as necessary on case studies, focus groups and participative input.
9. Increased transparency and accountability are required as impact assessment procedures are currently too secretive.



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10. Implementation is key. Governments should make use of a social inclusion check-list when designing and implementing new policies. Social impact assessment must be matched by mainstreaming social objectives and delivering them in all policy areas.



8. Impact assessment at the European Commission

Impact assessment is becoming more and more important within the European Commission, especially with regard to social issues.

The EC defines impact assessment as “*a set of logical steps to support the development of policies. It is a process that prepares evidence for decision-makers on the pros and cons of different policy options by assessing their potential economic, social and environmental impacts.*” The intention is for these three pillars to have the same value.

It is important to realise that impact assessment is not a substitute for the policy-making process. The aim is to contribute to better policy decisions, by using data that is as scientific as possible, strengthening coordination between policies emanating from different Directorate-Generals (DGs) and increasing stakeholder participation. Impact assessment can also effectively serve to show that the EU truly creates added-value when it takes an initiative, in accordance with the subsidiarity principle.

Impact assessments are carried out internally. The lead DG initiating the policy is also the one responsible for carrying out the evaluation and drafting an impact assessment report, with the support of other services in the Commission, including Impact Assessment units. Steering groups are set up to help make optimal use of expertise and external experts are invited to supply data for preliminary studies. An Impact Assessment Board (IAB) was established in 2006, made up of five Directors covering the three pillars, who sit in a personal capacity. The Board is involved in the screening of initiatives and in quality control. The IAB is a technical body, not a political one. Its role is to collect comments and send them to the lead service.

Impact assessment is not carried out systematically. The Secretariat General, the IAB and the lead service decide when to carry out one but the number has been rising since 2005, with 75 assessments in 2006, 100 in 2007 and around 135 in 2008. Once an impact assessment is launched, the Commission is obliged to consult all relevant parties and publish its results.

The minimum time scale for open consultations is eight weeks, but it can be longer.

The actual content of the assessment and the level of analysis applied to an initiative depend on the significance of the impacts, the political importance of the measure and the stage of development of the proposal. Impact assessment is only applied to “new elements” of policies.

Tools and methods have been developed to ensure a balanced approach in the evaluation of the broad spectrum of potential social impacts that the implementation of policies can cause. Impact assessment guidelines identify a list of areas to be assessed, of which five fall within DG Employment's responsibility (in bold):

- **Employment and labour market;**
- **Standards and rights related to job quality;**
- **Social inclusion and protection of particular groups;**
- **Gender equality, equality of treatment and opportunities, non discrimination;**
- Individuals, private and family life, personal data;
- Governance, participation, good administration, access to justice, media and ethics;
- Public health and safety;
- Crime, terrorism and security;
- **Access to and effect on social protection, health and educational systems;**
- Culture;
- Social impacts in third countries.



The increasing application of impact assessments within the EC brought to light three important challenges: the need to avoid “impact assessment fatigue”, to obtain more resources and to provide training and internal support.

What’s more, concerns were raised in various quarters, including among MEPs, about shortcomings in the social impact assessment process. The European Parliament wrote to Commission President José Manuel Barroso in 2006 calling for assessments to be taken into account in a more systematic way. An external evaluation further confirmed that impact assessment was more effective in the economic than in the social sphere.

In response to these challenges, DG Employment produced a **‘Toolkit to Assess Social Impacts’**, providing specific guidance on sources of information and on potential effects, and helping to identify gaps requiring action.⁷ The toolkit is a work-in-progress and is not yet incorporated into the impact assessment guidelines. DG Employment also commissioned four studies, two of which are at an advanced stage and include the development of a ‘Labour Market Model’ for evaluating the impact of labour market reforms. The other two studies are about to be launched (see section 1.1). The research does not only focus on social policies, but is aimed at assessing the social impact of measures in other EU policy areas.

Specifically for the purpose of the OMC-SPSI, a **study** on *‘Social impact assessment as a tool for mainstreaming social protection and social inclusion concerns in public policy in the EU Member States’* has been commissioned, involving five steps: the mapping of existing social impact assessment practice in the Member States, an in-depth analysis of a subset of interesting social impact assessment systems, a comparative analysis of 50 cases in the field of SPSI, recommendations for implementation in the future and dissemination of the findings.

The peer group discussions helped to illuminate numerous aspects that need to be taken into consideration, including capacity building with regard to NGOs and stakeholders, and how practices can be modified and improved

⁷ See: http://ec.europa.eu/governance/impact/docs/key_docs/080425_toolkit_for_assessment_of_social_impacts_revised.pdf



on. The issue of diverging political viewpoints will also be an integral part of the mapping exercise. The difficulty in handling results and in providing clear conclusions, due to the wide range of diverse potential impacts relating to the social sphere will also be addressed, as will the difficulties related to putting a monetary value on impacts.



9. The Peer Review — key issues and lessons learnt

Mainstreaming and commitment

Although the term social impact assessment is typically associated with a legal obligation to screen all policy initiatives, in most countries, social impact assessment appears to be applied rather sporadically. Most often, while civil society advocates mandatory social impact assessment rules, this meets resistance from policymakers because it implies a substantial cost and slows down the decision-making process. Although it could be argued that this is a fair price to pay for raising the quality of policymaking, a balance should be struck between the two positions. Legal enforcement may be desirable, but if it is perceived as excessively cumbersome, it could merely result in useless paperwork. This namely explains why impact assessment procedures in Slovakia, as well as in Ireland and the EC, always begin with a 'light' screening before deciding whether a fully-fledged social impact assessment is desirable.

Even where a legal obligation to carry out social impact assessments exists, this does not guarantee that the method will be correctly and effectively implemented. Pressure from different stakeholders therefore remains indispensable. For example, it is in Parliaments' interest to support and promote a correct application of methodologies as they generally depend on administrations for information. The EAPN can — and does already — play a role in monitoring stakeholder participation.

A key factor in convincing governments of the usefulness of effective social impact assessment can be to demonstrate a wider public acceptance of measures that were subject to social impact assessment prior to their enactment. Indeed, the knowledge that they are making a worthwhile investment is the greatest incentive for policymakers to undertake such a time-consuming process.

In any event, political commitment towards implementing social impact analysis in a systematic and rigorous way cannot be considered a given. It requires a minimum stock of 'political capital' and an investment from all stakeholders in this capital to build up support for the idea. Sensitisation and training can contribute to this.

Quality and vision

The terms 'toolkit', 'roadmap' and 'process', which are often used to denote social impact assessment, reflect the fact that SIA is not, in itself, a guarantee of success, nor indeed a guarantee that the right questions will be asked. Social impact assessment only helps to frame the examination of policy proposals in a consistent way, and asking the right questions remains vital. For example, employment activation policies may be well-intentioned, but, beyond the goal of lowering unemployment, other considerations, such as the sort of jobs that people take up, the fate of those whose jobs "disappear" or the effect of such policies on the quality and responsiveness of services, etc., are also important. Yet, questions of this type are often overlooked.

The quality of the assessment process depends strongly on the assessment group's underlying strategic vision. Indeed, even 'independent' experts, such as university researchers, are influenced, in a more or less conscious manner, by existing welfare policy paradigms. This also applies to government officials and, a fortiori, to politicians.

This means the exercise is in fact far from 'neutral', as the selection of impacts to be scrutinised depends to some extent on the prior assumptions of the assessors. The assessment exercise can be further complicated when there are conflicting views with regard to the actual objectives of social policies.

- For example, if one takes a **traditional welfare state perspective**, poverty will likely be almost exclusively measured in terms of income, and social security transfers will be seen as the main instrument of anti-poverty policy. Closing the poverty gap will then be considered the as the key objective of any policy measure, and impacts will be measured primarily in terms of the percentage of reduction of the

(income) poverty gap. From this perspective, a static tax-benefit model would thus be considered to be an adequate instrument for social impact assessment.

- By contrast, under an **‘active welfare state’ paradigm**, the beneficiaries of measures will more likely be viewed as calculating people whose work behaviour is influenced by financial (dis)incentives. Financial transfers will thus be suspected of negatively affecting job-seeking activities and of reinforcing dependency. From this perspective, behavioural equations that reflect the (negative) influence of transfers on labour supply will likely emerge as the most appropriate simulation models.
- On the other hand, assessments could be based on **Sen’s capability paradigm**, which places an emphasis on extending poor households’ resources (in a multidimensional sense: human, material, social and cultural capital), ‘functionings’ (health, learning, working, social participation...) and freedom of choice. This would typically involve the use of more sophisticated, multidimensional and dynamic welfare models, within which different types of causal relationships could be investigated, depending on the perspective adopted.

Some participants warned against traditional social science methods, namely referring to the ‘trickle down’ approach applied by the World Bank when evaluating the social impact of pension reforms in CEE countries, which ultimately turned out to produce harmful results for poor people. In light of this, Professor Minev of Bulgaria advocated the use of the **‘post-normal’ paradigm**, which emphasises dialogue to gather innovative perspectives from new stakeholders. In this context, the composition of steering groups and the consultation process are viewed as essential to achieving a ‘fair’ balance between different opinions, and impact assessment reports should mention how the views of different stakeholders have been taken into account.

For its part, the EAPN advocates another perspective, strongly related to the Sen paradigm — the **framework of fundamental rights**. This framework refers to the ultimate justification for social policy. It covers all policy areas and has the advantage of being widely endorsed.

With regard to fundamental rights, the debate focused on the balance between rights and obligations, around the question: “What must people do to ‘earn’ their rights?” It is often assumed that people must first fulfil their duties in order to obtain rights, based on a contract between the citizen and the state. However, the debate highlighted the fact that poor people often wish to take up their responsibilities, but are unable to do so because they are broken down by poverty or exclusion. The order should thus be reversed so that people’s minimum rights are guaranteed as a first step. In one participant’s words, “we should empower people to take up their responsibilities.”

However, minimum rights can be defined in many different ways. An exercise aimed at identifying minimum welfare requirements in Austria (via the means of a questionnaire, sent to a representative sample of households) outlined a range of possible ‘rights’ for respondents to vote on, with a view to obtaining a concrete overview of people’s demands. The threshold for identifying basic requirements and rights was set at two thirds of respondents. It turned out that this included items such as holidays for children.

Who should carry out social impact assessment?

Although some participants challenged the neutrality of government services when implementing social impact assessments, the majority seemed to support the claim that the initiators of policy proposals should be made responsible and accountable, at least when it comes to initiating the assessment procedure. It was argued that ‘independent’ parties such as research institutes or social observatories are unable to provide the institutional backup necessary for effective social impact assessment and for the implementation of its conclusions. Nevertheless, participants were of the opinion that these independent bodies can play a useful role in reflecting the voice of the poor, as well as in educating and training them, seeing as the grass-roots associations that currently take up this role can themselves be vulnerable to ideologically-biased views.



Scope of policies to be subject to social impact assessment

Participants disagreed strongly as to what kind of policies need to be prioritised. A distinction can be made between three types of policy measures, according to their potential relationship with social inclusion:

- policies with direct social inclusion effects;
- policies with indirect social inclusion effects;
- policies without social inclusion effects.

Whereas one would expect the first category to generate positive social effects, hence making assessment almost superfluous, some participants gave examples of controversial measures, even within the National Action Plans for social inclusion, whose impact deserved careful examination. As regards the third category, participants provided examples of transport or environmental policies which, upon closer inspection, are found to affect the living conditions of vulnerable groups substantially.

The discussions illustrated the need for a systematic screening of all policies by means of 'quick tests' in order to establish priorities and to select those measures where a more extensive social impact assessment is desirable.

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Capacity building

The complexity and highly politicised nature of social impact assessment means that, along with the development of new and multidimensional approaches, there is a need for capacity building among all stakeholders: government services, civil society organisations, researchers etc. The EC's initiative to promote social impact assessment in the Member States is therefore to be welcomed. Yet, it is probably unrealistic to assume that a uniform EU methodology for social impact assessment can be implemented in all Member States in the short term (nor is this the Commission's goal).

The party in greatest need of capacity building is civil society. In the field of social inclusion in particular, grassroots organisations are usually under-



resourced and unfamiliar with scientific methods. The people experiencing social exclusion already have the greatest difficulty in keeping pace with the monitoring of the OMC-SPSI, because of its technocratic nature. The inclusion of social impact assessment as a new tool in the OMC should be conceived as a service to all stakeholders, providing transparent information and enabling them to understand and participate more fully in the decision-making process. However, this can only be achieved if stakeholders are trained and assisted in grasping the meaning of the exercise.

Certain guides and toolkits are already available online. The Joint Research Centre (JRC) has developed a range of tools for impact assessment, which can be found on its website [IA TOOLS](http://iatools.jrc.ec.europa.eu/bin/view/IQTool/WebHome.html) [<http://iatools.jrc.ec.europa.eu/bin/view/IQTool/WebHome.html>]. This is an online platform that aims to provide Commission policy actors and impact assessment practitioners throughout Europe with a repository of guidelines, information and best practices for the impact assessment of new policies and legislative measures. The website is tailored to provide both experts and non-experts with guidance on the main steps to be followed to perform an impact assessment. It contains an inventory of social, economic and environmental impact indicators. It also offers a picture of the qualitative and quantitative tools available for the analysis of policy impacts, as well as access to databases.

With reference to social impact assessment in particular, the page <http://iatools.jrc.ec.europa.eu/bin/view/IQTool/SocialImpactsTree.html> specifies impact areas in terms of key questions, to guide the user towards ensuring that social impacts and issues that have particular policy relevance are considered during the impact analysis. The questions listed in the inventory are neither exhaustive nor definitive. In addition, the site of [best practice examples](http://iatools.jrc.ec.europa.eu/bin/view/IQTool/GoodPractices.html) [<http://iatools.jrc.ec.europa.eu/bin/view/IQTool/GoodPractices.html>] offers some cases with a social impact strand, although it adopts an integrated impact assessment approach.

As regards the scientific support to impact assessment, specific attention was devoted to the development of suitable micro-simulation models. The most comprehensive investment in this regard at EU level is the Euromod project, which enables static simulations of tax-benefit reforms. The Irish SWITCH model is another example of the same kind. Belgium is trying to



develop a dynamic model which could be useful in the field of social inclusion policy (De Blander & Nicaise, 2006). Germany and the UK already have solid models. The Commission could support similar micro-simulation models in other countries. The meeting proposed that the Commission could help to develop micro-simulation models within the next Framework Programme for Research and Development, which would also foster standardisation. At the same time, participants called for a balance between qualitative and quantitative methodologies in scientific support.

Participation and transparency

The confrontation of all stakeholders' perspectives can contribute to a rich and balanced framework for social impact assessment. Participation is all the more important given the risk of biases in the visions of individual consultants and civil servants. Both the EC and the Irish Office for Social Inclusion (OSI) have therefore put 'consultation' at the top of their roadmaps, so that each procedure starts with a consultation round and includes an iterative participation process all along. The EC developed specific minimum standards for stakeholder participation in 2002⁸ and its July 2008 Communication on reinforcing the OMC for Social Protection and Social Inclusion called for voluntary guidelines on the involvement of stakeholders. Some Member States have also established minimum standards that can be built on.

Here again, the timing of the process should be kept in mind. The comprehensive EC roadmap provides for an overall duration of at least 7 months (and of up to 2 years, depending on the duration of the 'analysis' period).

Whereas the participation of the social partners in policymaking is often well established through specific institutional arrangements (tripartite organisations, economic and social councils), the participation of NGOs is more problematic, namely given the large number of registered NGOs.

⁸ COMMUNICATION FROM THE COMMISSION: "Towards a reinforced culture of consultation and dialogue — General principles and minimum standards for consultation of interested parties by the Commission". COM[2002] 704 final (11-12-2002).



Umbrella organisations do not exist in all countries, and their representativity is sometimes called into question.

Yet, a range of examples of good practice in participatory impact assessment exist. In **Romania**, the government withheld its permission to a proposal to open a gold mine in one of the country's mountainous areas after a range of experts and stakeholders identified negative consequences to doing so. AGE has also developed a methodology to involve older people in policy-making, centred on small participative meetings. The idea is that excluded people do not want to describe themselves as excluded and yet that policies will not succeed without their support. The **AGE project on social inclusion** is described in detail on the website [http://www.age-platform.org/EN/article.php3?id_article=353], including the toolkit methodology and the final publication 'Give a voice to Older People in Poverty and Social Exclusion!' The toolkit is available in 19 languages.

Good quality social impact assessment must comprise an honest and effective dialogue, and the rules must be clear on both sides from the beginning. In **Belgium**, a mature and long-standing dialogue exists between grass-roots organisations and different levels of government. It has evolved from a collaborative agreement, concluded 10 years ago, towards a concrete legal framework that cannot be abolished. This is the result of a long process of political lobbying by grass-roots organisations that were able to demonstrate their long experience of community development within the poorest neighbourhoods, namely with workers who shared the living conditions of the poor.

Whereas all parties must be prepared for the dialogue through specific training, priority must be given to the poorest people. The latter should be supported materially and psychologically, in the knowledge that their participation in the process is conditioned by the everyday problems they continue to face. In a first phase, they must get a chance to exchange experiences among peers and learn to frame them in a broader analysis of the social and policy context. They must be taken seriously right through to the end of the process, with help in preparing conclusions and information about results. If people have bad experiences of being ignored, they are more likely to reject the whole political process and turn to extremism or dangerous



behaviour. It is important to cultivate a climate of confidence between the poor and governments, which must be coherent in their own behaviour. Consultation must be a common thread. Funding of organisations is a major issue, since their work represents a considerable human investment (Service de lutte contre la pauvreté, 2003; Nicaise & De Boe, 2007).

Comprehensiveness

Integrating different criteria into a comprehensive approach will make impact assessments more innovative, efficient, fruitful and credible. The expected efficiency gain derives from the fact that an 'inflation' of fragmented, partial assessment procedures is avoided. The political gain relates to the combination of (economic, social, environmental...) perspectives on a given policy issue into a single assessment process. In this way, stakeholders are encouraged to consider any potential dilemmas between different objectives, entailing more balanced policy decisions.

Moreover, impact assessment should be a continuous process including *ex-ante*, ongoing and *ex-post* assessments.

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The role of the European Commission

The meeting identified several ways in which the European Commission (DG Employment as well as other DGs) can help promote social impact assessment:

- by further raising awareness on the potential benefits of *ex-ante* social impact assessment;
- by widely disseminating the results of their own impact assessment studies, as well as their methodological tools (although most of these can be found on the EC's website already⁹, for example, the October 2008 Commission Recommendation on active inclusion, the July 2008 Commission Communication on the Renewed Social Agenda, and the impact assessment relating to the European Year

⁹ See: http://ec.europa.eu/governance/impact/practice_en.htm



of Combating Poverty and Social Exclusion initiative in 2010, which is available on the DG Employment website [http://ec.europa.eu/employment_social/news/2007/dec/antipoverty_2_en.pdf];

- by further applying social impact assessment internally in all major EU policy areas, beginning with economic policies (e.g. strategies to address the financial crisis);
- through ongoing research on ‘Social impact assessment as a tool for mainstreaming social protection and social inclusion concerns in public policy in the EU Member States’: It is hoped that the dissemination of the report, expected by mid-2010, will provide lessons based on the practical experience of Member States and contribute to further improvements in everyday practice;
- by recommending social impact assessment for some of the more controversial measures proposed by the Member States in their National Reform Programmes, or indeed in their National Strategy Reports on Social Protection and Social Inclusion;
- by fostering the development of micro-simulation models, statistical tools and participatory research on social exclusion in the Framework Programmes of DG Research, and, last but not least;
- by watching over the quality of stakeholder involvement in social protection and social inclusion policies.



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<http://www.peer-review-social-inclusion.eu>

Social impact assessment

Host country: **Slovak Republic**

Peer countries: **Belgium, Bulgaria, Germany, Ireland, Norway, Romania, Austria**

A distinguishing feature of EU policy objectives is that they place as much emphasis on the achievement of social goals as on economic or political aims. While social policies have a prominent role in all Member States in attaining such goals – of, for example, ensuring equality of opportunity for all sections of the population – it is also the case that policies in other areas can assist in this respect. At the very least, it is important to ensure that such policies do not have adverse effects on the attainment of social goals if only to avoid having to implement social measures to rectify or offset these effects and, accordingly, having to bear the cost of this in a context where budget constraints tend to limit social expenditure.

EU Member States, therefore, encouraged both by the importance of maximising the overall cost effectiveness of policies and by peer pressure arising from the Open Method of Coordination, are paying increasing attention to the prior evaluation of the social effects of policies which they plan to introduce. Accordingly, there is a common interest in Member States in methods of carrying out such evaluations.

Slovakia is currently developing a unified assessment methodology. While it is up to each Ministry to decide on the most suitable method of assessment, it has to involve the identification and quantification of the financial impact on households (on both their income and expenditure) and the impact on social inclusion and on social inequality (between men and women, social groups, regions and so on). The Peer Review will, therefore, provide an opportunity for experience of social impact methods to be exchanged between Member States.